

Opinion: The Case for Need-based Philanthropy at Modestly-Endowed Higher Education Institutions

by Dr. Charles R. Middleton

Gallons of ink have been consumed over the past year or so in press coverage of the financial crisis in higher education. In my 40-plus years as a faculty member and senior leader in public and private institutions, nothing has come close to the financial challenges we face. Even the highly inflationary times of the 1970s, in which university budgets failed to keep pace with rising costs, pale by comparison.

Small wonder, then, that seemingly without exception every institution, public and private, two-year and four-year, has intensified its efforts to expand the level of private giving and the numbers of supporters who contribute to the annual fund. Campaigns for larger sums of money proliferate, though timelines for completion extend out longer than is usually the case.

The numbers are astronomical. Billion-dollar campaigns abound. It seems that the more you have in your endowment the more you must seek to replenish and expand it. Or, if you are one of those universities where endowments are modest (the vast majority of us), then you dare not sit idly by and do nothing. “Campaign mode” has become like breathing; if you stop, you die.

Bewildered alumni and community supporters must wonder when enough is enough, or at least sufficient. And what’s to be made of those mega-endowments that have grown so large that the institutions that have accumulated them over decades, if not centuries, do not even need to spend 5 percent annually to support campus operations from financial aid to paying the light bill on new privately funded facilities?

Lest you think that this is yet another rant about the need to spread the wealth across a broader spectrum of colleges and universities, let me assure you that I am a big fan of the super endowments and all that they enable our stellar institutions to accomplish. I applaud those individuals and foundations that have generously contributed to this success, and I hope that there is more of it in the future. Without private philanthropy the whole enterprise would be in considerably worse shape than it is.

Even so, one wonders if at least some of this generosity might have been better directed toward less well-endowed institutions. If you think I am arguing that this is so because they “need” it more than the richer ones do, again I plead innocence. I think a good case can be made for need-based philanthropy irrespective of the size of the endowment, the level of state support (even or perhaps especially in good times) or the specific purposes for which the dollars are sought. Colleges and universities are idea- and aspiration-driven places and if ever there is sufficient money to do all that is imagined, then that institution will surely be failing.

Rather, I am writing to suggest that some of this largesse might have had a broader and more encompassing impact had it been given with the explicit and primary purpose of attaining the biggest bang for the bucks.

I am not referring to those outsized eight- and nine-figure gifts that occasionally come along. These are so large that they are by definition transformational.

Nor am I speaking of the generous support by alumni and friends who give a few hundred to a few thousand dollars annually. These are the bedrock support for all of us, even those whose endowments are above \$500 million, which is my personal threshold for the super-rich institutions.

Instead, I am referring to those six- and seven-figure gifts that come along largely though not exclusively in campaign times, where the notion of return on investment should play the primary role in the final decision.

Now I am certain that gifts of several hundred thousand up to a few million dollars always make an impact in every institution. Generous donors are to be applauded for keeping the numbers of those contributions at the center of university advancement efforts. Without them the overall success of campaigns of any size could not be attained.

But occasionally, perhaps a handful of these supporters who have real choices about whom to support (his alma mater or hers, the local college where your business prospers or the distant one where you got your degree decades ago, for instance) could ask the following question: Where would a gift of this size not just make a difference, large as that may be, but transform the institution or a piece of it into something that it currently only aspires to accomplish?

Once it has been determined that both institutions need the support and that both will be good stewards of the gift, it's a matter of making your investment in the same way that you would make an investment in your business. Seeking the greatest return on that investment is a nice tiebreaker that will enable you as the donor to make the largest and most enduring impact.

Isn't that what it's all about, really?

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